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OLC #78-2042
DCI Area

MEMORANDUM FOR: Deputy Director for Administration
Deputy Director for Science and Technology
General Counsel
Legislative Counsel
Inspector General

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FROM : Frank C. Carlucci
Deputy Director of Central Intelligence

SUBJECT : Contractual and Industrial Security Oversight

REFERENCES : a. [REDACTED] dated February 1978,
Subject: Industrial Contracts and
Industrial Security Final Report

b. [REDACTED], dated December 1977,
Subject: Industrial Security Interim
Report

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1. (U) Action Requested: Addressees are requested to implement the direction in Paragraph 3 as soon as practical.

2. (S) Background: In September 1977 the Acting DCI established a task force to make a comprehensive review of our organization structure, policies, and procedures by which we carry out our program of industrial contracting and security. The reports of this task force are contained in References a and b and were the subject of EAG meetings on 18 April 1978 and 23 May 1978.

3. (S) Position: As a result of these reviews and discussion, I have approved or am directing the following actions:

a. The Agency will maintain the dual delegation of contracting authority to the Director of Logistics (D/L) and to the Chief, Contracts Staff, OD&E, as the National Programs Contracting Officer, DDS&T, for Agency and National Programs, respectively.

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b. The DDS&T shall establish a National Programs Contract Review Board to review system procurements and associated source selection procedures. The Board shall be chaired by the Associate Deputy Director for Science and Technology and have the following membership: The Director of Logistics or in his absence a representative appointed by him; a Senior Program Manager appointed by the DDS&T; a Legal Advisor appointed by the General Counsel; the Comptroller, DDS&T, as a representative of Director of Finance; and a Security Advisor appointed by the Director of Security. The Chief, Procurement Management Staff, DDS&T, and a representative of Detachment A DCAA will act as advisors to the Board. The Board at its initial meeting shall recommend to the DDS&T its procedures, types of procurements, and criteria for procurements that will be subject to its review and approval. A copy of these procedures will be submitted for my approval.

c. The DDS&T shall revise and update the current delegations of contracting authority for National Programs from the DCI to the Chief, Contracts Staff, OD&E, to include the following provisions:

(1) The National Programs Contracting Officer has direct access to the Director of Logistics for coordinating substantive matters and shall bring to his attention any problem that could result in embarrassment or legal difficulty for the Agency.

(2) The National Programs Contracting Officer shall establish review procedures which will ensure adherence to Agency procurement policy consistent with National Programs requirements. Any policy differences, which cannot be reconciled, should be submitted to me with a request, accompanied by justification, for policy exception.

d. The Director of Logistics shall ensure that the Procurement Management Staff, Office of Logistics, makes periodic inspections of the OD&E Contracts Staff.

e. The DDS&T shall provide that the Director of Logistics or his designee, Chief, Procurement Management Staff/OL, is the reviewing official on fitness

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reports for the Chief, Procurement Management Staff, DDS&T, and for the Chief, Contracts Staff, OD&E.

f. Concerning Recommendation 25 of Reference a, the DDA and DDS&T will work together to establish an appropriate data base to ensure that essential contract information is readily available for responding to questions on Agency contracting activity.

g. The EAG on 18 April recommended the adoption of Recommendations 3 through 6 of Reference a and Recommendations 1 through 18 of Reference b, which were previously approved by the DCI. In view of the foregoing, the Director of Security shall implement the necessary actions to implement Recommendations 3 through 6 of Reference a as soon as possible. I would like a progress report at the end of 60 days. Recommendations 1 through 18 of Reference b require implementation or action by a number of Agency components as follows:

<u>Recommendation</u>	<u>Component</u>
1	OGC
2	OGC/OLC
3	D/Sec
4	D/CO
5	D/Sec
6	D/Sec
7	D/Sec
8	IG
9	D/CO
10	D/Sec & D/L
11	D/Sec
12	D/Sec
13	D/Sec

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<u>Recommendation</u>	<u>Component</u>
14	D/Sec
15	D/L
16	D/L
17	D/L
18	D/Sec & OGC

I would appreciate a progress report from the DDA on the implementation or action taken on these recommendations also in 60 days. Independent offices are requested to submit their reports to the DDA for consolidation.

The DDA is requested to review the remaining Recommendations 2, 7 through 10, 12, 13, 15 through 24; and 27 of Reference a for suitability of adoption and give me his recommendation within 30 days. The DDS&T will implement Recommendation 26. Where another Directorate or Independent Office is affected, their coordination is requested.

/s/ Frank C. Carlucci

Frank C. Carlucci

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